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SENATE BILL 334

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

INTRODUCED BY

Carlos R. Cisneros

AN ACT

RELATING TO TAXATION; ENACTING THE SOLAR THERMAL AND
PHOTOVOLTAIC SYSTEMS TAX CREDIT ACT; MAKING APPROPRIATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE.--Sections 1 through 6 of this act
may be cited as the "Solar Thermal and Photovoltaic Systems Tax
Credit Act".

Section 2. DEFINITIONS.--As used in the Solar Thermal and
Photovoltaic Systems Tax Credit Act:

- A. "department" means the taxation and revenue
department;
- B. "photovoltaic system" means a stand-alone or a
grid-connected energy system that collects or absorbs sunlight
for conversion into electricity; and
- C. "solar thermal system" means an energy system

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1 that collects or absorbs solar heat energy for conversion into
2 electricity.

3 Section 3. INCOME TAX--CORPORATE INCOME TAX--CREDIT FOR
4 SOLAR THERMAL SYSTEM OR PHOTOVOLTAIC SYSTEM INSTALLATION. --

5 A. Except as otherwise provided by Subsection C of
6 this section and until the last day of the 2014 taxable year, a
7 person who files an individual New Mexico income tax return and
8 who during the taxable year pays for installation of a solar
9 thermal system at a residence in New Mexico owned by that
10 person may apply for, and the department may allow, a tax
11 credit in an amount equal to fifteen percent of the
12 installation costs, provided that the maximum tax credit that
13 may be claimed by the taxpayer pursuant to this subsection
14 shall not exceed one thousand five hundred dollars (\$1,500).

15 B. Except as otherwise provided by Subsection C of
16 this section and until the last day of the 2014 taxable year, a
17 person that files a corporate income tax return and that during
18 the taxable year pays for installation of a solar thermal
19 system at a commercial facility in New Mexico owned by that
20 person may apply for, and the department may allow, a credit in
21 an amount equal to fifteen percent of the installation costs,
22 provided that the maximum tax credit that may be claimed by the
23 taxpayer pursuant to this subsection shall not exceed one
24 thousand five hundred dollars (\$1,500).

25 C. The department shall not allow a tax credit

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1 pursuant to this section if allowing that tax credit would
2 cause the aggregate amount of tax credits allowed pursuant to
3 this subsection to exceed one million dollars (\$1, 000, 000).

4 D. The tax credit allowed pursuant to Subsection A
5 of this section may only be deducted from a taxpayer's New
6 Mexico income tax liability for the taxable year. Any portion
7 of the maximum credit provided by this section that remains
8 unused at the end of the taxpayer's taxable year may be carried
9 forward for seven taxable years; provided that the total
10 credits shall not exceed the maximum allowable credit pursuant
11 to Subsection A of this section. If a person claiming a tax
12 credit pursuant to Subsection A of this section does not have
13 any New Mexico income tax liability, the tax credit may be
14 refunded to that person.

15 E. A husband and wife who file separate returns for
16 a taxable year in which they could have filed a joint return
17 may each claim only one-half of the credit allowed pursuant to
18 Subsection A of this section that would have been allowed on a
19 joint return.

20 F. The tax credit allowed pursuant to Subsection B
21 of this section may only be deducted from a taxpayer's
22 corporate income tax liability for the taxable year. Any
23 portion of the maximum credit provided by this section that
24 remains unused at the end of the taxpayer's taxable year may be
25 carried forward for seven consecutive taxable years; provided

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1 that the total credits claimed under this section shall not
2 exceed the maximum allowable pursuant to Subsection B of this
3 section. If a person claiming a tax credit pursuant to
4 Subsection B of this section does not have any corporate income
5 tax liability, the tax credit may be refunded to that person.

6 Section 4. INCOME TAX--CREDIT FOR SOLAR THERMAL SYSTEM OR
7 PHOTOVOLTAIC SYSTEM INSTALLATION.--

8 A. Until the last day of the 2014 taxable year, a
9 person who files an individual New Mexico income tax return and
10 who during the taxable year installs a photovoltaic system in a
11 residence in New Mexico owned by that person may apply for, and
12 the department may allow, a credit in an amount equal to three
13 dollars fifty cents (\$3.50) per nameplate direct current
14 wattage of that photovoltaic system, provided that:

15 (1) the maximum tax credit that may be claimed
16 by the taxpayer pursuant to this subsection shall not exceed
17 ten thousand dollars (\$10,000); and

18 (2) the department shall not allow a tax
19 credit pursuant to this subsection if allowing that tax credit
20 would cause the aggregate amount of tax credits allowed
21 pursuant to this subsection to exceed two million dollars
22 (\$2,000,000).

23 B. Until the last day of the 2014 taxable year, a
24 person that files a corporate income tax return and that during
25 the taxable year installs a photovoltaic system in a facility

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1 in New Mexico that is owned by that person may apply for, and
2 the department may allow, a credit in an amount equal to one
3 dollar fifty cents (\$1.50) per nameplate direct current wattage
4 of that photovoltaic system, provided that:

5 (1) the maximum tax credit that may be claimed
6 by the taxpayer pursuant to this subsection shall not exceed
7 seventy-five thousand dollars (\$75,000); and

8 (2) the department shall not allow a tax
9 credit pursuant to this subsection if allowing that tax credit
10 would cause the aggregate amount of tax credits allowed
11 pursuant to this subsection to exceed one million dollars
12 (\$1,000,000).

13 C. The tax credit allowed pursuant to Subsection A
14 of this section shall be deducted from a taxpayer's New Mexico
15 income tax liability for the taxable year. Any portion of the
16 maximum credit provided by Subsection A of this section that
17 remains unused at the end of the taxpayer's taxable year may be
18 carried forward for seven consecutive taxable years; provided
19 that the total credits claimed under this section shall not
20 exceed the maximum allowable pursuant to Subsection A of this
21 section. If a person claiming a tax credit pursuant to
22 Subsection A of this section does not have any New Mexico
23 income tax liability, the tax credit may be refunded to that
24 person.

25 D. A husband and wife who file separate returns for

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1 a taxable year in which they could have filed a joint return
2 may each claim only one-half of the credit allowed pursuant to
3 Subsection A of this section that would have been allowed on a
4 joint return.

5 E. The tax credit allowed pursuant to Subsection B
6 of this section shall be deducted from the taxpayer's corporate
7 income tax liability for the taxable year. Any portion of the
8 maximum credit provided by Subsection B of this section that
9 remains unused at the end of the taxpayer's taxable year may be
10 carried forward for seven consecutive taxable years; provided
11 that the total credits claimed under this section shall not
12 exceed the maximum allowable pursuant to Subsection B of this
13 section. If a person claiming a tax credit pursuant to
14 Subsection B of this section does not have any corporate income
15 tax liability, the tax credit may be refunded to that person.

16 Section 5. ADMINISTRATION. --

17 A. The energy, minerals and natural resources
18 department shall adopt rules for administration of the
19 provisions of the Solar Thermal and Photovoltaic System Tax Act
20 no later than September 30, 2005.

21 B. The taxation and revenue department shall
22 prescribe application forms for the tax credits allowed
23 pursuant to the Solar Thermal and Photovoltaic System Tax Act
24 no later than December 31, 2005.

25 Section 6. REPORT TO APPROPRIATE INTERIM COMMITTEE. --

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1 Beginning in 2008, the energy, minerals and natural resources
2 department shall report to the appropriate interim committee of
3 the legislature every two years and provide an update of the
4 status of the Solar Thermal and Photovoltaic Systems Tax Act
5 and recommendations for modifications of that act.

6 Section 7. APPROPRIATIONS. --

7 A. Fifty thousand dollars (\$50,000) is appropriated
8 from the general fund to the energy, minerals and natural
9 resources department for expenditure in fiscal year 2006 for
10 staff to administer the provisions of the Solar Thermal and
11 Photovoltaic Systems Tax Act. Any unexpended or unencumbered
12 balance remaining at the end of fiscal year 2006 shall revert
13 to the general fund.

14 B. One hundred fifty thousand dollars (\$150,000) is
15 appropriated from the general fund to the energy, minerals and
16 natural resources department for expenditure in fiscal year
17 2006 to provide training to installers, inspectors and the
18 public on the tax credits allowed pursuant to the Solar Thermal
19 and Photovoltaic System Tax Act and on installation and
20 operation of solar thermal systems and photovoltaic systems.
21 Any unexpended or unencumbered balance remaining at the end of
22 fiscal year 2006 shall revert to the general fund.

23 Section 8. APPLICABILITY. --The provisions of the Solar
24 Thermal and Photovoltaic Systems Tax Credit Act apply to
25 taxable years beginning on or after January 1, 2005.

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